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#### **REMARKS**

This Amendment is submitted in response to the Office Action mailed on August 7, 2006. Claims 1 - 30 are pending, and all stand rejected at present.

Claims 31 - 32 are added. No fee is due because of cancelled claims.

#### **RESPONSE TO 102 - REJECTIONS**

Claims 1 - 16, 18 - 21, and 23 - 28 were rejected on grounds of anticipation, based on Estes.

##### **Claim 1**

###### Point 1

Claim 1 states that each terminal contains means for sending performance data to a server. The Office Action relies on the "monitor" in Estes to show this.

However, that "monitor" refers to the display, or television screen, in Estes' ATM. That television screen does not send performance data to a server.

###### Point 2

It may be that Estes, column 3, lines 11 - 20, discusses a type of reporting made on the transactions done at the ATM. However, Estes explicitly states that any reporting is of a

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summary nature, and specifically excludes reports on "individual transactions." (Column 3, line 15.) That is directly contrary to amended claim 1.

Point 3

The claim states that the data is sent to a "network server." The claim also states that the terminal and the "network server" cooperate to execute a financial transaction.

Estes states that his ATM host 30 handles the financial transactions. (Column 2, lines 10 - 24.) He states that the reporting discussed above is made to the "enhancement host 68." (Column 3, lines 9 - 20.)

Therefore, the "network server," as claimed, is not found in Estes. The reporting in Estes is not done to his ATM host 30, which is the only element which could correspond to the claimed "network server."

**Claims 2, 7, 13, and 18**

Point 1

Column 2, line 36, of Estes is cited to show claims 2, 7, 13, and 18. That passage states:

The ATM enhancement processor 38 can therefore monitor and record the transactions.

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However, this passage does not show what the claims in question recite.

The parent claims are necessarily included in the claims in question. The parent claims state that information about the transactions (the "performance data") is **sent to a "network server"**.

The cited passage in Estes merely states that certain information is recorded and stored at the ATM. The cited passage does not state that such information is sent to a "network server" as claimed.

Point 2

As explained above, the claimed "network server" is not found in Estes. His reporting of column 3, lines 11 - 16, is not done to a "network server" as claimed.

**Claims 3, 8, 9, 14, 19, 24, and 25**

The discussion of claims 2, 7, 13, and 18 applies to the rejection of claims 3, 8, 9, 14, 19, 24, and 25. These latter claims recite specific features of the "performance data." However, that "performance data" is transmitted to a "network server." That has not been shown in Estes.

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**Claims 4, 5, 10, 11, 15, 16, 20, and 21**

To reject claims 4, 5, 10, 11, 15, 16, 20, and 21, the Office Action relies on switch 50 in Estes' Figure 1. However, several problems exist in this rejection.

Problem 1

Estes' switch 50 merely changes the source of the information presented on his "monitor" (or television screen).

-- When the switch 50 is in one position, the monitor displays ordinary ATM information.

-- When the switch 50 is in another position, the monitor displays advertising.

(Column 2, line 45 et seq. Column 3, top.)

Estes states that his switch 50 is controlled by his "ATM enhancement processor 38." (Column 2, line 44.) That "enhancement processor 38" is part of his ATM.

In contrast, the claims state that the "means" is controlled by the "network server."

Thus, the switch 50 in Estes is not controlled by the claimed "server." It is controlled by Estes' ATM, which contains the switch 50.

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Problem 2

The Office Action is inconsistent. In previously rejecting claims 1, 2, 7, 13, and 18, the Office Action asserted that Estes' "monitor" performs "monitoring" of transactions

Now, the Office Action relies on switch 50, which controls what the "monitor" displays.

Since the claims under present consideration depend from claims in which the "monitor" is said to perform "monitoring," the claims under present consideration are being interpreted inconsistently.

The "monitor" in the parent claims must correspond to the "monitor" in the dependent claims.

Problem 3

The claims recite "means." Section 112 states that a "means" covers items which are disclosed, plus equivalents. Section 112 states:

An element in a claim for a combination may be expressed as a **means** . . . for performing a specified function without the recital of structure, material, or acts in support thereof,

and

such claim shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof.

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The Office Action has not shown that the switch 50 of Estes is either identical to, or equivalent of, the disclosed means in Applicant's Specification.

Problem 4

Claims 5, 11, 16, and 20 state that the "means" alters a charge levied against a customer. That has not been shown in Estes. Applicant specifically requests an explanation of how the switch 50 in Estes can accomplish the claimed alteration of a monetary charge.

Applicant requests, under 37 CFR §§ 1.104(c)(2) and 35 U.S.C. § 132, that the PTO specifically identify the "means" of these claims in Estes.

**Claim 12**

Claim 12 recites analyzing certain data. The "monitor" relied on by the PTO is a television screen. It performs no such analyzing.

Claim 12 states that the analysis determines volume of transactions at particular times. That is not seen in the reference.

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**Claims 23, 26, 27, and 28**

Claim 23 recites an "expected usage pattern." Applicant requests that this "pattern" be identified in the reference.

Claim 23 also states that the "pattern is determined by analyzing historical data representing usage of the terminal over a predetermined period of time." The "monitor" in Estes is a television screen. It does not analyze historical data.

This applies to claims 26 - 28.

**RESPONSE TO 103 - REJECTIONS**

Claims 17, 22, 29, and 30 were rejected as obvious, based on Estes and Kotler. However, Applicant submits that several problems exist in this rejection.

**Kotler Reference**

Kotler discusses "value-based pricing," which he describes as pricing of items based on **perceived value** to the customer, rather than on **cost** to the seller. For example, "designer jeans" would appear to implement "value-based pricing," since they are functionally the same as ordinary blue jeans, and cost about the same to make, with the exception of design aspects which add the perceived value.

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#### **Response to Rejection**

##### Point 1

The Office Action describes Kotler as showing "value-based FLEXIBLE pricing," but that is not correct. Kotler discusses both constant (ie, non-"flexible") pricing, and changing (ie, "flexible" pricing.

Some of Kotler's examples illustrate pricing which changes, as in "high-low pricing," wherein promotions (or "sales") are run. (Page 317, second full paragraph.) But other examples illustrate constant pricing, such as EDLP, Every Day Low Pricing. (Page 317, second full paragraph.)

Therefore, Kotler discusses both (1) constant pricing and (2) prices which change, or "flexible" pricing.

No teaching has been advanced for selecting the latter over the former, and combining the latter with Estes. A teaching is required.

##### Point 2

The claims, in general, recite (1) examining usage of terminals, and (2) detecting pattern(s) in the usage. The patterns may indicate times of high demand for the terminals, so that charges may be increased at those times.

Kotler's value-based pricing is cited to show this. However, the undersigned attorney fails to see how pricing of an

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item based on perceived value, as in Kotler, shows detection of a pattern in usage of a terminal.

How would "designer jeans," for example, show a pattern of usage of a terminal, let alone **detection** of that pattern ?

MPEP § 2143.03 states:

To establish prima facie obviousness . . .  
**all the claim limitations** must be taught or suggested by the prior art.

Applicant submits that the claimed detection of a pattern of usage has not been shown in the prior art. Under this MPEP section, the rejection cannot stand.

### Point 3

No teaching has been given in favor of combining the references. The rationale given for combining "value-based pricing" of Kotler with Estes is that "the best mix of quality and price" is thereby offered to the customer.

However, several problems exist in this rationale.

### PROBLEM 1

The rationale is directly contrary to the theory of "value-based pricing." The rationale, in essence, attempts to state that the combination of references gives the customer the "best deal," as it were.

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However, "value-based pricing" is not designed to do that. It is directly contrary to that notion. "Value-based pricing" charges a premium, for example, for a designer's name on a pair of slacks.

That is not giving the customer a good deal. That is selling an illusion.

Thus, the rationale used for combining the references is directly contrary to the philosophy of "value-based pricing" of Kotler. Consequently, Kotler teaches directly against the rationale.

Since the rationale is directly contrary to the teaching of Kotler, the rationale cannot be used.

#### PROBLEM 2

Applicant points out that the rationale is a meaningless statement. It combines apples with oranges. It combines "quality" with "price," and asserts that a maximum combination of both is somehow obtained.

But that is impossible.

Applicant asks the PTO to explain exactly how this combination is made. What is the equation for combining the two elements (quality and price) ?

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### PROBLEM 3

The rationale is a naked conclusion, unsupported by evidence. Evidence is required.

Where is the evidence showing that the "best mix" is obtained ?

### PROBLEM 4

The rationale does not follow the CAFC's decision of In re Dembiczak, 175 F. 3d 994, 50 USPQ2d 1614 (Fed. Cir. 1999).

In brief, Dembiczak states that

- **objective evidence** of a teaching for combining references must be provided;
- the Examiner's speculation does not qualify as objective evidence;
- numerous sources can provide a teaching to combine references;
- knowledge of one skilled in the art can act as a source;
- however, THE RANGE OF SOURCES AVAILABLE DOES NOT DIMINISH THE REQUIREMENT FOR ACTUAL EVIDENCE;
- broad conclusory statements by the Examiner do not qualify as evidence; and
- "particular factual findings" as to the

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teaching are required, and gives reasons why  
**facts** are necessary.

#### PROBLEM 5

No expectation of success has been shown.

The Office Action has not shown how Kotler is actually combined with Estes. That is, what, exactly, in Kotler is combined with Estes ? Is it "value-based pricing" ? Is it the EDLP discussed above ? Is it "fair" pricing, as Kotler attributes to Sears ?

And, of those three elements, where is the teaching for selecting one of them, to the exclusion of the others ?

Then, Applicant asks, how is that element actually combined with Estes ? That is, in Kotler, some type of pricing strategy is selected. But Estes discusses no pricing at all.

How is the selected pricing in Kotler combined with Estes ?

No expectation of success has been shown, indicating that the combination of references actually works.

MPEP § 706.02(j) states:

Contents of a 35 U.S.C. 103 Rejection

. . .

To establish a prima facie case of obviousness, three basic criteria must be met.

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Second, there must be a reasonable expectation of success.

The . . . reasonable expectation of success must both be found in the prior art and not based on applicant's disclosure.

#### PROBLEM 6

It is well known that, if a person uses an ATM which is not operated by the person's own bank, then that ATM may levy an extra charge. Assume arguendo that Estes implies such a charge.

Estes also discusses using an ATM to display advertising. (Column 3, top.) Assume also that the ATM will levy a charge for that advertising.

So two prices, or charges, can be inferred in Estes:

- 1) the charge for using a "foreign" ATM and
- 2) the charge for presenting advertising.

To which charge are the principles of Kotler applied, and where is the teaching for that ?

Again, no expectation of success has been shown. The PTO has not shown a charge in Estes to which the principles of Kotler can be applied.

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#### PROBLEM 7

The rationale does not actually lead to a combination of the references. Kotler, page 317, lines 2 - 4, states:

More and more, marketers have adopted value pricing strategies - **offering just the right combination of quality and good service at a fair price.**

That is essentially the rationale used by the Office Action.

So the rationale used by the PTO is merely a statement of a goal, which is lifted from Kotler. Thus, if you want that goal (a "value pricing strategy"), you can simply follow Kotler's teachings. You do not need Estes' ATM to obtain that goal.

Therefore, the rationale does not lead to a combination of the references. Kotler, alone, can provide the goal sought by the rationale.

Stated in other words, the PTO's goal of obtaining the "best mix of quality and price" is essentially the "value pricing strategy" of Kotler. If that is one's goal, one need not combine Kotler with Estes to obtain it. One merely follows Kotler's teachings.

Thus, the rationale does not, as a matter of logic, lead to the combination of references. The rationale is merely an assertion that a certain pricing strategy is useful. That is not a teaching for combining references.

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#### PROBLEM 8

The PTO's rationale contradicts Kotler.

The rationale relies on "value-based pricing," which is pricing based on perceived value to the consumer, rather than on seller's cost. The rationale asserts that such pricing provides "the best mix of quality and price."

But that is contradictory to Kotler. Kotler states that "value pricing" (not "value-based pricing") provides this type of "mix." Compare page 317, lines 2 - 4 with page 317, beginning of section entitled "Value-Based Pricing."

Thus, if the goal is to obtain the "mix" of the PTO's rationale, one would use Kotler's "value pricing," and not his "value-based pricing."

Since the PTO relies on the latter to show the claimed generation of rules, the rejection must fail.

Pursuit of the "mix" does not lead to value-based-pricing/generation-of-rules. It leads to "value pricing," which is different.

#### Additional Points

One

Claim 22 recites "(a) determining an expected usage pattern of the terminal." That has not actually been shown in Estes. Applicant requests that this recitation be identified.

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Two

Claim 29 states that this "usage pattern" is determined in a specific way. That has not actually been shown in the references. Applicant requests that this recitation be identified.

Three

The Office Action, page 6, asserts that the display of the amount to be charged is "inherent" in Kotler. MPEP § 2112 states:

EXAMINER MUST PROVIDE RATIONALE OR EVIDENCE TENDING TO SHOW INHERENCY.

In relying upon the theory of inherency, the examiner must provide a basis in fact and/or technical reasoning to reasonably support the determination that the allegedly inherent characteristic necessarily flows from the teaching of the applied prior art.

The Office Action has not provided the "basis in fact and/or technical reasoning" as required.

Four

The Office Action does not actually combine the "value-based pricing" with Estes. Instead, the Office Action (incorrectly) asserts that processes recited in the claims, such

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as "gathering data" in claim 17, are similar to processes undertaken in "value-based pricing." Thus, the Office Action concludes, the recited processes are found in Kotler.

But the Office Action has not actually combined "value-based pricing" with Estes. It combines the processes involved in arriving at such "pricing." Thus, anything "inherent" in "value-based pricing" has not been combined with Estes.

The supposed "inherent" element (displaying the charge) is not found in the combination of references, because, again, the "value-based pricing" is not combined with Estes. A process for arriving at this "pricing" is being combined.

### Five

The references are non-analogous art, and cannot be combined. Nobody designing Estes' ATM would look to Kotler to determine what charges to impose on a customer.

One reason is that Kotler's "value-based pricing" is based on the customer's **perception**. It is smoke-and-mirrors. It is inapplicable to ATMs, which are commodities. Commodities are priced based on supply-and-demand.

From another point of view, the undersigned attorney purchased a pair of generic blue jeans for about twenty dollars. He believes that "designer" blue jeans are available for five times that price, or more. People do purchase the latter,

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because they **perceive** the latter to have increased value.

If that principle is to apply to ATMs, then the PTO must show something like the following: ATMs sponsored by Calvin Klein (or whomever) can charge five times the going rate (or some other premium).

But that does not occur. Why ? Because ATMs are commodities. There is no extra "perceived value."

Therefore, for the references to be analogous art, Applicant submits that the PTO must show that Kotler's principle of "value-based pricing" is applicable. That is, the PTO must show that some extra "perceived value" would allow ATM owners to charge a premium over other ATM owners.

Until that is done, ATMs must be considered a commodity, as to pricing. As such, the ATM is non-analogous art to Kotler's "perceived value" principles.

#### **Added Claims**

Claim 31 recites predicting a time when ATM usage will increase, and then increasing charges at that time.

That is not seen in the references, even if combined.

Claim 32 recites a **coincidence** between public events and the price increase. That is not seen in the references, even if combined.

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**CONCLUSION**

Applicant requests that the rejections to the claims be reconsidered and withdrawn.

Applicant expresses thanks to the Examiner for the careful consideration given to this case.

Respectfully submitted,

  
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